

State Notes

TOPICS OF LEGISLATIVE INTEREST

Winter 2021



How Schools Are Paid for Pupils During Pandemic Learning: Membership Blends **By: Kathryn Summers, Associate Director**

Introduction

When Proposal A was approved by voters in 1993, the State School Aid Act was rewritten to implement the associated changes. One of the biggest changes driven by Proposal A was to fund schools primarily based on the number of pupils enrolled instead of on property taxes. The first year of implementation after Proposal A was approved, 1994-95, schools were paid a foundation allowance for each pupil in membership. Membership is not a headcount; rather, it is a blended calculation generally using a fraction of the fall count of the current school year plus a fraction of the spring count from the previous year.

In the years since 1994-95, the pupil membership blend has been changed a number of times, with different weights on the fall and spring counts, and for a couple of years, using the fall and spring counts of the *same* school year on which to calculate the blend. In general, as the weight on the fall count is increased, it provides higher blended counts to growing districts and lower blended counts for declining enrollment districts.

With pandemic learning during the COVID-19 pandemic, additional variants of the pupil membership blend have been enacted to assist schools by providing some stability in funding even if actual headcounts of pupils in schools are varying widely. This article will review historical pupil membership blends, track the blends over time, and illustrate the variants enacted for fiscal year (FY) 2020-21 to address funding during a pandemic.

Blend Calculations on Which to Pay the Foundation Allowance

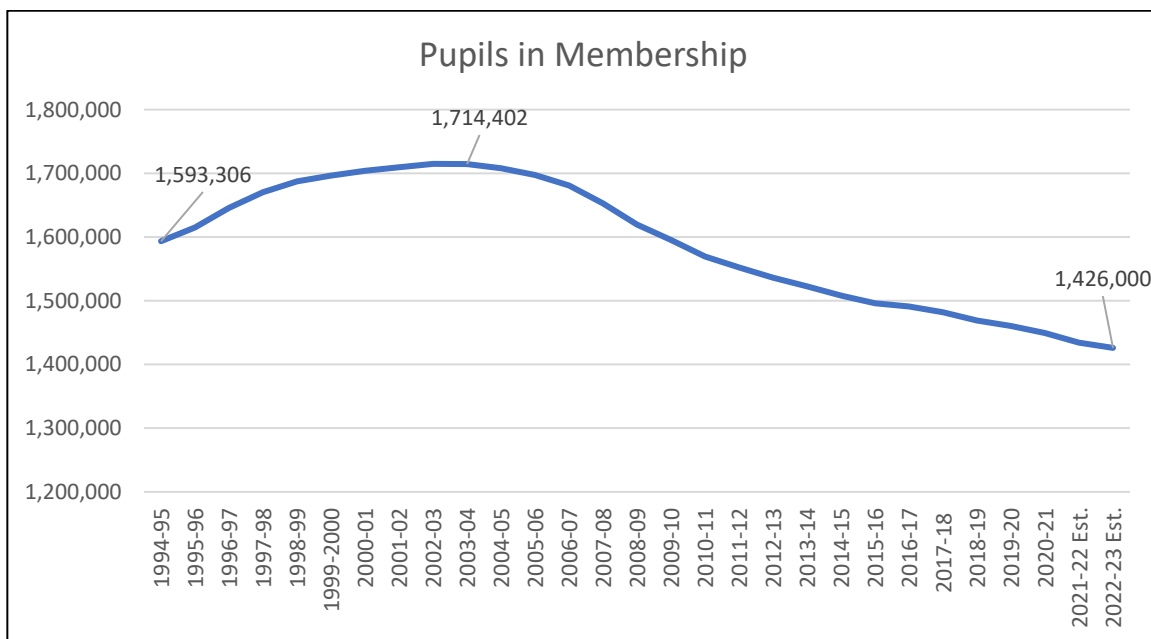
Sections 6 and 6a of the State School Aid Act, MCL 388.1606 and 388.1606a, require schools to conduct two counts of pupils enrolled and in regular attendance. The first count occurs the first Wednesday in October and the second (called the supplemental count day) occurs on the second Wednesday in February. The table below shows the history of the different weights used on the pupil counts to determine a district's pupils in membership for the purpose of paying out foundation allowance funding. The table also shows the resulting blended memberships statewide for local districts and for charter schools.

To illustrate, in FY 1996-97, the blend was 50/50, meaning that districts were paid based on a 50% weight applied to their fall 1996 counts plus a 50% weight applied to their previous spring 1996 counts. In FYs 1997-98 and 1998-99, the weights were changed to 60/40; in FY 1999-2000 the weights were changed to 75/25; then to 80/20 for FYs 2000-2001 through 2003-2004; then back to 75/25 for several years. The current 90/10 blend first was used in FY 2011-12 but was changed in FYs 2013-14 and 2014-15 to use the fall and spring counts of the *same school year*, instead of using the previous spring counts. Beginning with FY 2015-16, the blend reverted to the 90% weight on the fall count plus 10% weight on the previous spring count, with the exception of the 'superblend' enacted as part of the Return to Learn package in August 2020.

The 'superblend' was enacted under Public Act 149 of 2020 in response to concerns raised by schools regarding uncertainty as to how many pupils would enroll in the fall of 2020 because of the COVID-19 pandemic and the different learning structures that would be provided by districts. The 'superblend' places a 75% weight on the FY 2019-20 blend (90% of the fall 2019 count plus 10% of the spring 2019 count) plus a 25% weight on what would have been a 'normal' 90/10 blend for FY 2020-21 (i.e., 90% weight on the fall 2020 count plus 10% weight on the spring 2020 count).

The 'superblend' yielded a blended statewide membership total (1,449,100) that was relatively close to what had originally been estimated at the May 2020 Consensus Revenue Estimating Conference for FY 2020-21 (1,452,500). However, had the 'superblend' not been enacted, and had the normal 90/10 blend been used for FY 2020-21, the resulting blend would have been roughly 1,409,400, or 39,700 blended memberships lower than the 'superblend'. This is because the fall 2020 count was roughly 53,000 full-time equated pupils lower than the fall 2019 count. While a portion of this decline would have been anticipated because of declining enrollment driven by declining birth rates, the majority of the decline was due, in some regard, to COVID-19. Pupils previously in public schools have enrolled in home schools and nonpublic schools, or not enrolled in any school, and some children who were expected to enroll in a public school for the first time (kindergarten) never did.

With each pupil membership 'worth' at least \$8,111 (the minimum foundation allowance for FY 2020-21), the benefit to districts by using the 'superblend' instead of the normal 90/10 blend is estimated as at least \$322.0 million statewide. In other words, by using the 'superblend' and its 75% weight on the previous year's pupil memberships, districts are being shielded from the precipitous decline in student counts and the associated decline that would have occurred in State aid payments of the foundation allowance.



PUPIL MEMBERSHIP HISTORY FY 1994-95 to FY 2022-23				
Blend Calculation	Fiscal Year	Local Districts	Charter Schools	Total
50/50	1994-95	1,593,306	0	1,593,306
50/50	1995-96	1,610,130	4,790	1,614,920
50/50	1996-97	1,634,074	11,520	1,645,594
60/40	1997-98	1,651,011	19,202	1,670,213
60/40	1998-99	1,656,186	31,109	1,687,295
75/25	1999-2000	1,651,300	45,290	1,696,590
80/20	2000-01	1,649,085	55,072	1,704,157
80/20	2001-02	1,647,459	62,113	1,709,572
80/20	2002-03	1,647,531	67,336	1,714,867
80/20	2003-04	1,640,929	73,473	1,714,402
75/25	2004-05	1,626,289	81,491	1,707,780
75/25	2005-06	1,607,880	89,654	1,697,534
75/25	2006-07	1,584,435	96,627	1,681,062
75/25	2007-08	1,553,568	98,987	1,652,555
75/25	2008-09	1,517,714	102,030	1,619,744
75/25	2009-10	1,487,297	108,425	1,595,722
75/25	2010-11	1,457,160	112,276	1,569,436
90/10	2011-12	1,432,200	119,900	1,552,100
90/10	2012-13	1,405,599	130,390	1,535,989
90/10 CY	2013-14	1,374,800	147,828	1,522,628
90/10 CY	2014-15	1,356,640	151,368	1,508,008
90/10	2015-16	1,344,369	151,611	1,495,980
90/10	2016-17	1,338,231	152,933	1,491,164
90/10	2017-18	1,336,720	145,011	1,481,731
90/10	2018-19	1,323,703	145,318	1,469,021
90/10	2019-20	1,313,665	146,862	1,460,527
Superblend*	2020-21	1,301,100	148,000	1,449,100
90/10	2021-22 Est.	1,285,500	149,000	1,434,500
90/10	2022-23 Est.	1,276,500	149,500	1,426,000

Other FY 2020-21 Pupil Membership Blends in the School Aid Act

Most years, discussion around the definition of the pupil membership blend is relatively minimal. Some years, as noted earlier, the weights used in the blend are changed; in other years, the blend stays the same. However, during Return to Learn discussions in the summer of 2020 and during budget negotiations for FY 2020-21, the method for calculating the pupil membership blend saw a significant amount of deliberation.

As already discussed above, districts were concerned with uncertainty relating to enrollment for the 2020-21 school year, which would be measured with the October 2020 pupil count. The resulting 'superblend' provided significant financial stability, with 39,700 more blended pupil memberships being paid out than would have been the case under a traditional 90/10 pupil membership blend calculation.

However, some districts were concerned that the 'superblend' would penalize them in the event of pupil enrollment *growth* for the 2020-21 school year. To address this concern, Section 29a was added to the School Aid Act (MCL 388.1629a). This section provides foundation allowance payments for districts if their traditional 90/10 blend exceeded the 'superblend'. The amount appropriated for this section was \$66.0 million, based on previous estimates; with actual pupil counts now available, the total cost to make these payments to growing districts is roughly \$48.0 million.

Finally, one other use of the pupil membership blends was used in the FY 2020-21 school aid budget, namely under Section 11d (MCL 388.1611d). This section, in FY 2019-20, applied a \$175 per-pupil reduction in overall State aid (totaling \$256.0 million) in response to concerns about declining State revenue estimated at the May 2020 Consensus Revenue Estimating Conference. For FY 2020-21, this section included one-time funding of \$95.0 million distributed on an equal per-pupil payment basis as a measure to partially mitigate the reduction that occurred the previous year.

The payment under Section 11d for FY 2020-21 uses another set of blend weights on which to distribute the per-pupil funding. In this instance, each district's pupil membership blend is calculated as a 50% weight on the district's FY 2019-20 blended membership plus a 50% weight on what the district's FY 2020-21 blended membership would have been in a traditional year (90% weight on fall 2020 plus 10% weight on spring 2020).

Conclusion

The weights placed on the two pupil counts have varied from year to year and can have significant impacts on district funding. During the 2020-21 school year, three different types of membership blends are being used in the School Aid Act: Section 6 ('superblend' of 75% weight on previous year, 25% weight on 'normal' 90/10 for current year); Section 11d (50% weight on previous year, 50% weight on 'normal' 90/10 for current year); and, Section 29a ('normal' 90/10 if it exceeds the 'superblend' calculation). With COVID-19 and pandemic learning still in place, it is possible that budget discussions for FY 2021-22 may again explore the uses of various weights in the calculation of pupil membership blends for the purpose of funding schools.